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City Council's 2016 Priorities, Goals, and Strategies

2016 Commitment

The City Council is committed to engaging the community and being responsible stewards of public resources.

Ongoing Priorities

The City Council is committed to providing high quality and sustainable services for the entire Morgan Hill community. Fundamental to the City Council's success are the ongoing priorities of:

- Enhancing public safety
- Protecting the environment
- Maintaining fiscal responsibility
- Supporting youth
- Fostering a positive organizational culture
- Preserving and cultivating public trust

2016 Focus Areas

In addition to the City Council's priorities, 5 specific focus areas were recognized by the Council that will require significant resources in 2016:

- Planning our community
- Developing our community
- Enhancing our services
- Improving our communication
- Participating in regional initiatives

Projects and Initiatives

Planning Our Community

- Completing the General Plan Update
- Completing the Zoning Code Update
- Updating the Residential Development Control System
- Creating an Economic Development Blueprint

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City Council's 2016 Priorities, Goals, and Strategies (continued)

- Updating the Parks, Recreation, Trails and Bikeways Master Plan
- Developing a Public Safety Master Plan
- Developing the M-West Master Plan
- Completing a Community Development Fund Fee Study
- Updating Utilities Master Plans (Water, Sewer, Stormwater)
- Developing a Station Area Master Plan
- Updating the Downtown Parking Strategy
- Evaluating long-term Housing Administration Strategy
- Creating a Telecommunications Master Plan
- Developing 5-year Urban Water Management Plan
- Reviewing the Police Department Strategic Plan
- Commencing the Library Expansion Design

Developing Our Community

- Advancing the Sports, Recreation, Leisure District
- Implementing the City-wide Agriculture Mitigation Ordinance
- Managing Downtown Park and Trail Development
- Implementing Redevelopment Sites #1 & 4 (Leal Hotel & Market Hall)
- Executing UHC Development Agreement
- Implementing EAH scattered site development
- Constructing a multitude of water and wastewater projects
- Supporting community effort to design and raise funds for an Inclusive Playground
- Completing the public investment in Downtown Placemaking initiatives

Enhancing Our Services

- Transitioning to a 2-year budget cycle
- Completing and implementing Development Services Review recommendations
- Implementing TRAKiT Land Management Software
- Ensuring proper resources are allocated to Downtown Maintenance Services
- Negotiating extension of CALFIRE Partnership Agreement
- Negotiating the Outdoor Sports Center Partnership Agreement

City Council's 2016 Priorities, Goals, and Strategies (continued)

• Performing a successful recruitment for an experienced City Attorney

Improving Our Communication

- Completing a significant community engagement process relating to community priorities
- Implementing enhancements to our existing communications and engagement efforts
- Enhancing the public's understanding of City decisions and achievements

Participating in Regional Initiatives

- Executing the Community Choice Energy JPA
- Implementing County-wide Interoperability Radio Project SVRCS
- Participating in County-wide transportation measure discussions
- Working with the High Speed Rail Authority
- Participating in Task Force on Water Efficient New Development
- Participating in County led effort relating to Aging Friendly City designation
- Coordinating City Bikeways, Trails, Parks and Recreation Master Plan Update with Countywide Trails Master Plan
- Providing preferences to house the homeless with Santa Clara County
- Participating in the Santa Clara County Regional Housing Task Force

ADOPTED

Morgan Hill City Council

February 17, 2016

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Discretionary Reserves

The schedule below summarizes all discretionary funds projected to be available at June 30, 2016. While a large portion of these funds have been placed into separate funds for designated purposes these monies are available as discretionary funds.

*Total amounts in these funds are accumulated through contribution from various funds, including the General Fund. Only those amounts from the General Fund would be available to be transferred back to the General Fund. The remaining balances would be credited back to the fund that made the contribution. The General Fund includes anticipated salary savings.

			FY15-16	FY 16-17	FY 17-18		
		Beginning	Year-end	Projected		Projected	
Fund		Fund Bal	Projection	Fund Bal		Fund Bal	
General Fund	\$	15,016,061	\$ 16,335,316	\$ 15,071,665	\$	13,435,107	
Supplemental Law Enforcement Fund		64,649	53,057	53,322		53,717	
Community Rec Centers Startup Fund		296	298	299		301	
Employee Assistance Fund		68,129	65,261	54,371		44,090	
Park Maintenance Fund		4,931,589	5,415,479	5,528,904		5,483,779	
Information Systems Fund*		286,082	288,316	149,867		269,171	
Building Maintenance Fund*		37,939	239,255	254,008		281,775	
Building Replacement*		2,222,970	2,501,662	1,863,931		1,994,439	
Unemployment Insurance Fund*		194,924	176,104	156,935		137,629	
Worker's Comp Fund*		820,342	810,948	753,723		708,306	
Equipment Replacement Fund*		3,868,573	3,583,563	3,416,309		3,815,616	
Employee Benefits Fund*		462,432	980,965	1,637,568		2,003,706	
General Liab. Insurance Fund*		811,912	1,065,946	912,627		794,049	
Total	\$	28,785,898	\$ 31,516,170	\$ 29,853,529	\$	29,021,685	

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General Fund Five-Year Projections

The General Fund Five-Year Forecast for Fiscal Years 16-17 through 20-21 incorporate all known expenditures throughout the forecast period including all personnel cost increases due to existing Memoranda Of Understanding with represented employees. All negotiated salary and benefit increases, including CalPERS contribution rates, are included in the forecast.

In years that are absent negotiated increases, a general 2.5 percent increase is assumed for all employee services and supply categories.

Revenue estimates are based on assumed growth for all general fund revenues, including property tax, sales tax, and transient occupancy tax (TOT).

Property tax revenue for FY 16-17 and FY 17-18, based on the most recent information provided by the County of Santa Clara, is projected to increase by 10 percent and 12 percent, respectively, compared to the FY15-16 Adopted Budget as newly built housing units are added to the assessor's roll, Proposition 8 temporary reductions granted by the County Assessor's Office during the Great Recession are gradually restored, and property values increase. Subsequent years are estimated to increase by 3%, 3.5%, and 3.5%.

Sales tax revenue, based on most recent analysis done by City sales tax consultant, MuniServices, is estimated to only increase slightly in FY 16-17 and by 5 percent for FY 17-18, compared to Adopted FY15-16, largely due to continued moderate economic growth forecasted for the region and new business growth. Subsequent forecast years assume an average annual growth of approximately 4 percent.

Recreation revenue from membership sales, program registrations, and facility rentals continue to maintain their high levels, with a noticeable increase expected to start in the second half of FY 17-18 due to a scheduled fee increase. To ensure the City has the resources to operate and maintain its recreation facilities, the City's membership rate strategy is to increase rates once every three years (January 2018, 2021, etc). The proposed budget includes rate increases for Aquatic Center daily admission, room rental at Cultural and Community Center (CCC) and Centennial Recreation Center

Finally, the City continues to experience high level of revenue from TOT. Based on current year activity levels, TOT is estimated to reach a new high of \$2.7 million in FY 16-17 and \$2.8 million in FY 17-18 with the increase coming from new hotels such as La Quinta, a 104-room hotel and a planned 60-room boutique hotel in Downtown.

Beginning Balance
Revenues & Trnfrs In
Exps/Trnsfers Out
Ending Balance
GF Fund Balance/Reserves (%)

14-15	15-16	16-17	17-18	18-19	19-20	20-21
Actual	YE Projection	Recommended	Recommended	Forecast	Forecast	Forecast
12,992,903	15,016,061	16,335,316	15,071,665	13,435,107	12,314,703	12,405,141
35,120,317	35,986,780	36,070,537	37,037,688	38,952,540	40,204,771	41,503,338
(33,097,159)	(34,667,524)	(37,334,188)	(38,674,246)	(40,072,944)	(40,114,333)	(41,415,905)
15,016,061	16,335,316	15,071,665	13,435,107	12,314,703	12,405,141	12,492,573
42.8%	45.4%	41.8%	36.3%	31.6%	30.9%	30.1%

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General Fund Five-Year Projections (continued)

REVENUE DETAIL	14-15	15-16	16-17	17-18	18-19	19-20	20-21
	Actual	YEP	Recommended	Recommended	Forecast	Forecast	Forecast
Property Tax	6,144,469	6,454,000	6,313,000	6,341,000	6,658,000	6,820,000	7,080,000
VLF In-Lieu Property Tax	2,991,194	3,194,000	3,333,000	3,450,000	3,571,000	3,696,000	3,825,000
RDA Pass-Thru	245,013	296,000	315,000	323,000	331,000	341,000	351,000
Sales Tax	8,467,396	9,261,200	9,034,767	9,439,000	10,031,000	10,534,540	10,963,008
Cochrane Comm. Payments (1)	-	-	(95,000)	(145,000)	(145,000)	(150,000)	(150,000
Other Payments (2)	-	(75,000)	(120,000)	(142,500)	(165,000)	(165,000)	(165,000
Transient Occupancy Tax	2,062,260	2,400,000	2,684,700	2,827,050	3,215,775	3,296,000	3,378,000
Franchise Fees - GF	1,717,693	1,814,408	1,927,359	1,981,796	2,049,000	2,118,000	2,188,000
Public Safety Sales Tax	323,373	344,330	351,000	362,000	374,000	386,000	398,000
Property Transfer Tax	452,836	457,960	469,000	481,000	493,000	505,000	518,000
Total Taxes	22,404,234	24,146,898	24,212,826	24,917,346	26,412,775	27,381,540	28,386,008
Business License	183,857	195,000	198,900	202,878	206,936	211,074	215,296
Other Permits	-,	32,408		* *		,	
Total Licenses/Permits	32,436 216,293	227,408	32,574	33,243 236,121	33,908 240,844	34,586 245,660	35,278
Total Licenses/Permits	210,293	22/,400	231,474	230,121	240,044	245,660	250,574
Parking Enforcement	11,600	10,639	12,000	12,240	12,485	12,734	12,989
Other Fines	73,922	50,000	64,000	65,280	66,586	67,917	69,276
Total Fines/Penalties	85,521	60,639	76,000	77,520	79,070	80,652	82,265
Motor Vehicle Fee	16,883	16,857	17,194	17,538	17,889	18,247	18,611
Law Enforcement Grants		464,756	376,250	267,875			282,938
Other	729,930 69,213	49,097	49,300	39,000	272,775 39,780	277,795 40,576	41,387
Total Other Agencies	816,025	.,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,			2211	. ,,,,	
Total Other Agencies	810,025	530,710	442,744	324,413	330,444	336,617	342,937
City Recreation Programs	5,317,450	5,552,511	5,742,573	6,043,649	6,319,356	6,455,693	6,595,176
CCC Rental	871,401	879,250	874,020	932,986	951,646	970,679	990,093
Gen Admin Overhd	1,140,020	1,200,076	1,260,075	1,323,077	1,389,231	1,458,692	1,531,627
Fire Fees	246,831	260,683	268,397	276,165	281,688	287,322	293,068
Other Charges	747,418	657,471	690,305	692,947	705,512	718,348	731,558
Total Current Services	8,323,120	8,549,991	8,835,370	9,268,824	9,647,433	9,890,733	10,141,521
Interest Earnings	109,015	76,587	80,585	107,107	125,298	144,377	166,130
Other Rentals	249,789	177,676	188,548	202,290	205,516	208,808	212,165
Miscellaneous	1,347,435	619,554	375,408	248,559	253,301	256,115	258,999
Total Other Revenue	1,706,239	873,817	644,541	557,956	584,115	609,300	637,294
Transfer From Park Maint	_	_	_	_	_	_	_
Transfer From Sewer/Water	683,319	685,818	690,000	694,050	696,401	698,811	701,282
Transfer From Public Safety	100,000	112,029	100,000	125,000	125,000	125,000	125,000
Transfers Rec Non GF Activities	50,000	60,000	75,000	75,000	75,000	75,000	75,000
Transfer from Gas Taxes/Sewer/Wa	735,565	739,470	762,581	761,458	761,458	761,458	761,458
Transfers From Other Funds	753•55 -	739,470	-	, o i, 4 30 -	, o 1,430 -	-	
Total Transfers In	1,568,884	1,597,317	1,627,581	1,655,508	1,657,859	1,660,269	1,662,740
TOTAL REVENUES	25 130 317	35,986,780	36,070,537	37,037,688	38,952,540	40,204,771	41,503,338
TOTAL NEVENUES	35,120,317	35,900,700	30,0/0,53/	3/,03/,000	30,952,540	40,204,//1	41,503,330

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General Fund Five-Year Projections (continued)

EXPENDITURES:	14-15	15-16	16-17	17-18	18-19	19-20	20-21
	Actual	YEP	Rec	Rec	Forecast	Forecast	Forecast
City Council/Clerk	902,214	1,002,969	1,035,764	966,229	1,045,322	1,033,271	1,101,941
City Attorney	501,902	715,771	653,939	677,729	709,722	730,025	749,669
City Manager	371,275	678,076	879,385	997,579	1,016,464	1,045,238	1,070,121
Housing Loan	1,010,000	-	-	-	-	-	-
Recreation and Community Services	6,331,958	6,820,578	7,499,482	7,758,067	8,092,855	8,448,238	8,828,230
Human Resources	578,740	584,323	720,771	709,787	745,309	767,324	788,648
Finance	1,281,316	1,481,141	1,535,461	1,610,125	1,693,747	1,741,539	1,788,174
Code Compliance	-	-	135,689	141,628	148,558	153,607	158,568
Environmental Programs	199,887	227,881	220,064	277,102	286,783	294,176	301,452
Street Maintenance	2,633,380	1,987,168	2,064,401	2,116,389	2,181,814	2,229,072	2,290,530
Congestion Management	70,032	71,705	75,219	77,569	80,582	82,834	85,043
Police	13,168,863	14,005,863	14,988,891	15,415,279	16,024,464	16,508,898	16,978,102
Police Debt Service	214,613	216,463	176,139	178,912	176,729	176,729	176,493
Fire	4,842,533	4,912,935	5,288,996	5,773,473	5,961,429	6,171,935	6,365,217
Downtown Maintenance	22,584	50,500	241,610	273,020	281,655	288,925	296,197
Cable TV	49,236	44,875	48,258	49,444	50,954	52,201	53,442
Park Maintenance	(9,524)	-	-	-	-	-	-
Total Department Exp	32,169,009	32,800,247	35,564,069	37,022,331	38,496,385	39,724,010	41,031,829
Transfer Out - 232	51,452	56,930	78,690	81,951	85,387	87,907	90,378
Transfer Out - 302	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Transfer Out - 790 Equipment Replacement	-	130,000	290,000	290,000	290,000	-	-
Transfer Out - 206	129,291	-	-	-	-	-	-
Transfer Out - 207 (Gen Plan Update)	35,717	-	23,100	23,100	23,100	23,100	23,100
Transfer Out - 740 (Bldg Maintenance)	124,013	397,870	9,781	10,028	10,329	10,639	10,958
Transfer Out - 741 (Future Replacement)	27,677	28 , 507	29 , 362	30,243	31,150	32,085	33,047
Transfer Out - OPEB/PERRS	110,000	266,959	333,186	166,593	166,593	166,593	166,593
Transfer Out - 355 School Ped & Traffic Safet	-	-	100,000	100,000	20,000	20,000	20,000
Transfer Out - 650 Water Op	-	33,036	-	-	-	-	-
Transfer Out - 355 CDBG	-	3,975	-	-	-	-	-
Transfer Out - 308	250,000	750,000	1,000,000	1,000,000	1,000,000	250,000	250,000
Total Transfers Out	928,150	1,867,277	2,064,119	1,901,915	1,826,559	790,324	794,076
TOTAL EXPENDITURES	33,097,159	34,767,524	37,678,188	38,924,246	40,322,944	40,514,333	41,825,905
TOTAL EXI ENDITORES	ランパンフィバンフ		3/,0/0,.00	フロップニオリニオロ	オンリンニーリンオオ	て いっけいしつ	

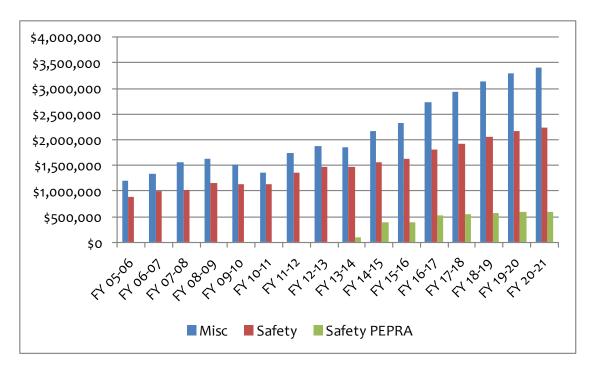
TOTAL EXPENDITURES 33,097,159 34,667,524 37,334,188 38,674,246 40,072,944 40,114,333 (1) Amounts paid from sales taxes to various City impact funds for fees for Cochrane Commons retail center development agreement.

⁽²⁾ Amounts paid to several businesses under sales tax sharing agreements.

⁽³⁾ Salary Savings based on three-year average for budgeted vs. actual savings.

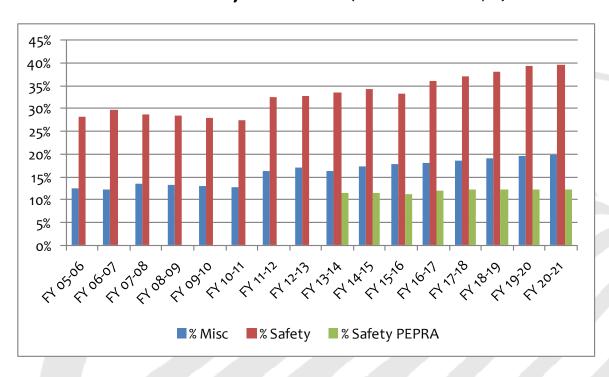
Public Employees Retirement System (PERS)

PERS Historical and Projected Costs (Does not include employee's share of employer rate)



PERS Historical and Projected Rates (Does not include employee's share of employer rate)

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Public Employees Retirement System (PERS) (continued)

As a result of the 2013 labor negotiations and the Council adopted Management Resolution and Council-Appointed Officer contracts, all City employees now equally share any annual increases to the City's retirement (CalPERS) contribution rates. The chart below shows the CalPERS' employers required contribution rates and employee's share of employer rates:

